

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW PRIORITY

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E.O. 11652: N/A

TAGS: EAIR, UR

SUBJECT: CIVAIR: FEDERAL GRAND JURY INDICTS AEROFLOT

1. FEDERAL GRAND JURY IN BROOKLYN, N.Y. ANNOUNCED INDICTMENT OF SOVIET AIRLINE AEROFLOT ON JULY 27 FOR ILLEGALLY SELLING CUT-RATE TICKETS BETWEEN FRANCE AND WASHINGTON.
2. THE GRAND JURY RETURNED A 22-COUNT INDICTMENT IN US DISTRICT COURT IN BROOKLYN CHARGING AEROFLOT SOLD ONE-WAY AND ROUND-TRIP TICKETS BETWEEN PARIS AND DULLES INTERNATIONAL AIRPORT FOR ABOUT HALF THE ESTABLISHED FARE.
3. FYI: CAB BUREAU OF ENFORCEMENT, WHICH INVESTIGATED SALES PRACTICES OF TRANSATLANTIC AIRLINES, REPORTEDLY FOUND 20 OF 23 AIRLINES IN VIOLATION OF ESTABLISHED FARE LEVELS. SETTLEMENT WAS REACHED WITH 19 AIRLINES IN SEPTEMBER 1975 AFTER PAYMENT OF 650,000 DOLLARS IN FINES. AEROFLOT'S INTRANSIGENCE WAS LARGELY RESPONSIBLE FOR REFERRAL OF CASE TO FEDERAL GRAND JURY. AEROFLOT IS CHARGED WITH 11 COUNTS OF ILLEGALLY SELLING TICKETS FOR 50 PERCENT DISCOUNT DURING SUMMER AND AUTUMN OF

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1974 AND 11 COUNTS OF VIOLATING A CAB ORDER PROHIBITING

IT FROM ENGAGING IN REBATING AIRLINE TICKETS. AEROFLOT
FACES A FINE OF 5000 DOLLARS FOR EACH SALES VIOLATION AS

WELL AS 5000 DOLLAR FINE FOR FIRST VIOLATION OF CAB
ORDER AND 2000 DOLLAR FINES FOR EACH SUBSEQUENT VIOLATION.
CAB BUREAU OF ENFORCEMENT REGARDS CASE AGAINST AEROFLOT
AS "OPEN AND SHUT". END FYI.

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